

AS

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 95-993-C - ORDER NO. 95-1681  
NOVEMBER 14, 1995

IN RE: Application of CaroNet, Inc. for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services as a Carriers' Carrier. ) ORDER  
APPROVING  
CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of CaroNet, Inc. (CaroNet), a North Carolina corporation, requesting authority to provide intrastate facilities-based interexchange telecommunications services as a carriers' carrier in South Carolina. CaroNet's Application was filed on May 22, 1995, pursuant to S.C. Code Ann. §58-9-280 (1976, as amended) and the regulations of The Public Service Commission of South Carolina.

The Commission's Executive Director instructed CaroNet to publish one time a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of CaroNet's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. CaroNet complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by the Consumer Advocate for the State of

South Carolina (the Consumer Advocate), the South Carolina Telephone Coalition (SCTC), and the South Carolina Telephone Association (SCTA). Prior to the hearing in this matter, both the SCTC and SCTA filed Motions to withdraw their respective interventions in this case. Neither the SCTC or the SCTA appeared at the hearing. As of the time of the hearing, the Consumer Advocate entered into a stipulation with CaroNet. The stipulation of the Consumer Advocate and CaroNet was received into evidence at the hearing.

A hearing was commenced on November 1, 1995, at 2:30 p.m. in the Commission's hearing room. The Honorable Rudolph Mitchell, Chairman, presided. William F. Austin, Esquire and Richard L. Whitt, Esquire appeared on behalf of CaroNet; Elliott F. Elam, Jr., Esquire appeared on behalf of the Consumer Advocate; and Florence P. Belser, Staff Counsel, represented the Commission Staff.

In support of its Application, CaroNet presented the testimony of Wayne C. Hamilton, Manager of CaroNet's operations. Hamilton explained the Applicant's request for authority to provide intraLATA and interLATA telecommunications services as a carriers' carrier in South Carolina. Hamilton explained that CaroNet would provide intraLATA and interLATA channel service between two points within the State. CaroNet's facilities may be connected to the facilities of other common carriers, companies, or entities (OCCs), authorized to provide telecommunications services in South Carolina, between certain locations and thereby constitute a portion of end-to-end service furnished by the OCC. The service

and facilities to be provided by CaroNet will not be used to provide direct service to customers served by any local exchange company (LEC) in South Carolina.

Hamilton explained that CaroNet has access to Carolina Power & Light Company's (CP&L's) extensive fiber optic network which is primarily located in CP&L's transmission line right-of-way and which has the capability of providing a high level of reliability and route diversity. CaroNet will provide its services only to authorized carriers and authorized resellers of interexchange telecommunications services.

Hamilton explained that CaroNet intends to furnish its services to other communications carriers pursuant to filed tariffs. However, Hamilton testified that CaroNet would also utilize contracts for bulk sales and requested that CaroNet be allowed to file with the Commission copies of the contracts under seal.

Hamilton testified that CaroNet had applied for a Certificate of Public Convenience and Necessity in North Carolina. However, Hamilton stated that CaroNet has withdrawn its request for a Certificate in North Carolina because the North Carolina Public Service Commission has decided not to regulate carrier's carriers. Hamilton offered that approval of CaroNet's Application is in the public interest because access to CP&L's fiber optic network would enhance reliability and route diversity for other carriers, companies, or entities authorized to provide telecommunications services in South Carolina.

Hamilton testified that CaroNet is a wholly-owned subsidiary of CP&L and that CaroNet has the financial support of its parent company. CaroNet is authorized to do business in South Carolina.

FINDINGS OF FACT

1. CaroNet is a wholly-owned subsidiary of CP&L. CaroNet is authorized to transact business in the State of South Carolina by the Secretary of State.

2. CaroNet operates facility-based interexchange telecommunications services as a carriers' carrier.

3. CaroNet has the experience, capability, and financial resources to provide services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to CaroNet to provide intraLATA and interLATA channel service between two points within the state as a carriers' carrier. We define a carriers' carrier as providing non-switched point-to-point service for authorized telecommunications carrier to and from Points of Presence (POPs).

2. The Commission approves CaroNet's proposal to utilize filed tariffs and to file with the Commission sealed contracts for bulk sales. The Commission is aware of the competitive nature of the market in which CaroNet's services would be provided and that CaroNet may need greater flexibility in offering services to its customers on a contract basis. For this reason, CaroNet may file under seal copies of its contracts.

3. We believe that the guidelines heretofore adopted by this Commission for Interstate Fibernet, J.V. in Order No. 95-25, dated January 24, 1995 in Docket No. 94-424-C apply in the present case. We believe, as we did in that case, that it is in the public interest that CaroNet be allowed to carry both interLATA and intraLATA telecommunications traffic for all types of telecommunications carriers on a carriers' carrier basis (i.e., non-switched point-to-point telecommunications service) so long as the telecommunications carrier has the authority to carry such traffic. Further, telecommunications carriers having originating and terminating interLATA traffic may transport such traffic between an interLATA carrier's POP and a telecommunications carrier's switch by the appropriate means of their choice.

4. When intraLATA traffic is transported between two connecting telecommunications carriers, the point of connection should be negotiated in good faith and agreed to by the carriers; however, if no agreement is reached, either carrier may seek a final determination from the Commission.

5. The Commission agrees with the stipulation between CaroNet and the Consumer Advocate by which CaroNet agrees that it will maintain separate books and records which identify transactions between affiliates. CP&L has heretofore agreed to provide information to the Commission on an annual basis which sets forth the ratios used to allocate corporate administrative and general costs to CaroNet as well as other CP&L subsidiaries.

IT IS THEREFORE ORDERED THAT:

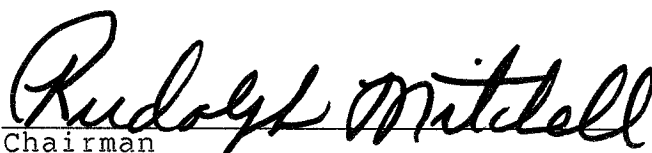
1. CaroNet is hereby granted a Certificate of Public Convenience and Necessity so as to allow it to provide intrastate non-switched point-to-point service to all telecommunications carriers certified by the Commission as provided for herein.
2. The filed tariffs are approved. CaroNet may utilize the filed tariffs or may file sealed contracts with the Commission for bulk sales.
3. Telecommunications carriers having originating and terminating interLATA traffic may transport such traffic between an interLATA carrier's POP and their switch by the appropriate means of their choice.
4. When intraLATA traffic is transported between two connecting telecommunications carriers, the point of connection must be negotiated in good faith and agreed to by the carriers; however, if no agreement is reached, either carrier may seek a final determination from the Commission.
5. The stipulation between the Consumer Advocate and CaroNet is approved.
6. CaroNet must keep appropriate records as required by law and this Commission.
7. CaroNet must abide by the Rules and Regulations of the Commission.
8. CaroNet shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports

is indicated on Attachment A.

9. CaroNet is required to operate under the regulatory framework as set forth in this Order.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

DOCKET NO. 95-993-C - ORDER NO. 95-1681  
NOVEMBER 14, 1995  
ATTACHMENT A

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ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

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COMPANY NAME

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FEI NO.

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ADDRESS

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CITY, STATE, ZIP CODE

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PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- \* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.
- \* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 ABOVE).

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SIGNATURE

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NAME (PLEASE TYPE OF PRINT)

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TITLE